MIC

The Myanmar Investment Commission

Union of Myanmar Myanmar Investment Commission
Form (2) Sr. No. 9370
Dated 10.1.2002

PERMIT

Permit No. 369/2002 *Date* 10th JANUARY, 2002.

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MR. LAURENT SCHEERCOUSSE

(b) Citizenship FRENCH

(c) Address KINWICK CENTER, 16th FLOOR, 32 HOLLYWOOD ROAD HONG KONG

(d) Name and address of principal organization RED INK LTD, SUITE 1-3, 16th FLOOR, KINWICK CENTER 32, HOLLYWOOD ROAD, HONG KONG

(e) Place of incorporation THE TURKS AND CAICOS ISLANDS

(f) Type of business in which investment is to be made PRODUCTION OF VALUE ADDED FOREST PRODUCT AND MARKETING OF WOOD BASED PRODUCTS

(g) Place (s) at which investment is permitted PLOT NO (WI-4) WA- TAYAR INDUSTRIAL ESTATE, YANGON

(h) Amount of foreign capital US $ 1.516 MILLION (EQUITY US$ 1.249 MILLION & LOAN US$ 0.267 MILLION)

(i) Period for bringing in foreign capital WITHIN 24 MONTHS FROM THE DATE OF PERMISSION

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 1.516 MILLION

(k) Permitted duration of investment 15 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR PELTIER BOIS LIMITED.

U Maung

Chairman

The Myanmar Investment Commission

Form (2) Sr. No. 9370 Dated 10-1-2002

Union of Myanmar Myanmar Investment Commission

The Myanmar Investment Commission

PERMIT

Permit No. 369/2002 Date 10 JANUARY, 2002.

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MR. LAURENT SCHEERCOUSSE

(b) Citizenship FRENCH

(c) Address KINWICK CENTER, 16th FLOOR, 32 HOLLYWOOD ROAD HONG KONG

(d) Name and address of principal organization RED INK LTD, SUITE 1-3, 16th FLOOR, KINWICK CENTER 32, HOLLYWOOD ROAD, HONG KONG

(e) Place of incorporation THE TURKS AND CAICOS ISLANDS

(f) Type of business in which investment is to be made PRODUCTION OF VALUE ADDED FOREST PRODUCT AND MARKETING OF WOOD BASED PRODUCTS

(g) Place (s) at which investment is permitted PLOT NO (WI-4) WA- TAYAR INDUSTRIAL ESTATE, YANGON

(h) Amount of foreign capital US $ 1.516 MILLION (EQUITY US$ 1.249 MILLION & LOAN US$ 0.267 MILLION)

(i) Period for bringing in foreign capital WITHIN 24 MONTHS FROM THE DATE OF PERMISSION

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 1.516 MILLION

(k) Permitted duration of investment 15 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR PELTIER BOIS LIMITED.

U Maung

Chairman

The Myanmar Investment Commission

pGOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/524/2002 (9370)
Dated : 10th January 2002.

Tel : 272219, 272855
Fax : 095-01-282101

Subject : **Decision of the Myanmar Investment Commission on the Proposal for "Production of Value Added Forest Product and Marketing of Wood Based Products" under the name of "Myanmar Peltier Bois Limited".**

Reference: Ministry of Forestry letter No. 2/230 (Nga) (4) (1791/2001) dated 14-9-2001.

1. The Myanmar Investment Commission, at its meeting 39/2001 held on 16-11-2001 had reviewed the proposal for investment in " Production of Value Added Forest Product and Marketing of Wood Based Products " under the name of " Myanmar Peltier Bois Limited. " submitted by Red Ink Ltd of Hong Kong as a wholly foreign owned investment. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 50/2001 held on 27-12-2001 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 15(Fifteen) years commencing from the effective date of signing of the Lease Agreement and extendible for another 5(Five) years each upon mutual agreement between Myanma Timber Enterprise and Myanmar Peltier Bois Limited. At the end of the Leased Period, Red Ink Ltd. shall transfer all mill facilities both building and machineries in running good conditions to Myanma Timber Enterprise without any payment and consideration through Build, Operate and Transfer (BOT) System according to the Build, Operate and Transfer (BOT) Contract between Myanma Timber Enterprise and Red Ink Ltd.

4. The annual rent shall be calculated at the rate of US $ 3(United States Dollars Three Only) per square meter per annum for the project area of 1.24 Acres (5000 square meters) to the amount of US$ 15000 (United States Dollars Fifteen Thousand Only). The rent shall be revised in view of prevailing annual rent after every 5(Five) years period and the rate of increase of the rent shall not be more than 15(Fifteen) percent of the preceding annual rent.

5. Red Ink Ltd shall provide a Performance Bank Guarantee to the amount of US$ 30,000 (United States Dollars Thirty Thousand Only) in favour of the Myanma Timber Enterprise within 30(Thirty) days after the signing of the Build, Operate and Transfer Contract.

6. Red Ink Ltd shall pay Myanma Timber Enterprise a profit share of 7 % (Seven Percent) of the annual net profit (after tax) throughout the project period.

7. Red Ink Ltd shall also pay the Forest Department through Myanma Timber Enterprise a Forest Rehabilitation Fee of US$ 5(United States Dollars Five Only) per hoppus ton Hardwood round logs and US$ 8(United States Dollars Eight Only) per hoppus ton of teak round logs used as raw material.

8. In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to 36(Thirty Six) months starting from the month of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Myanmar Peltier Bois Limited shall apply for such exemption only after 3-year tax holiday period.

(c) As per Section-21(c), Myanmar Peltier Bois Limited shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, Myanmar Peltier Bois Limited shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income tax up to 50 percent on profits accrued from exports, such relief has to be applied, upon actual performance, following 3-year tax holiday period.

(e) As per Section-21(e), Myanmar Peltier Bois Limited shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the ass...ble income such expenses incurred in respect of research and development rel... to the enterprise which are actually required and are carried out within the S... Myanmar Peltier Bois Limited shall apply, upon actual performance of such re... and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regardin... carry forward and set-off up to three consecutive years from the year the... ustained following the enjoyment of exemption from income-tax, Myan... Bois Limited shall file the case, if any, to the Ministry of

Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction. However, such imports shall be subject to the approval endored by the Ministry of Forestry.

9. Myanma Timber Entriprise shall have to sign Build, Operate and Transfer Contract with the Red Ink Ltd and shall also have to sign Lease Agreement with the Myanmar Peltier Bois Limited.

10. Myanmar Peltier Bois Limited, in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

11. Myanmar Peltier Bois Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

12. The official date of operation shall be reported to the Commission.

13. Myanmar Peltier Bois Limited shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

14. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Myanmar Peltier Bois Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

15. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

16. Whenever Myanmar Peltier Bois Limited brings in foreign capital defined under Section 2(h) of the said Law, other than foreign currency in the manner stated in paragraph 15(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

17. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

18. Myanmar Peltier Bois Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

19. Myanmar Peltier Bois Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

20. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar Peltier Bois Limited.

21. Myanmar Peltier Bois Limited, in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

U Thaung

(U Thaung)
Chairman

Mr. Laurent Scheercousse
Red Ink Ltd.
c/o Managing Director
Myanma Timber Enterprise.

cc: 1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Office of the Strategic Studies, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue

7. Ministry of Commerce
8. Ministry of Forestry
9. Ministry of Foreign Affairs
10. Ministry of Home Affairs
11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
15. Chairman, Foreign Capital Evaluation Sub-Committee
16. Director General, Directorate of Investment and Company Administration
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)